Scott. II-37—40,000—37-10-38.

Home (1947) Department.

MS. SERIES. p.315

G.O. No. 4315

Dated 28-10-47

[Despatch Abstract.]

Motor Vehicles - Taxation - Report of the Economic Adviser to the Government - Recorded.

Home Department

The file relates to the proposal to increase the tax levied on buses and lorries. The Public (Economics and Statisti Department have sent a copy of the report prepared by the economic Adviser on the subject. The recommendations made by the Economic Adviser in the matter are in paras 38 to 53 of the report at pages 17-23 of (S)

Public have stated that the report has been engaging th attention of H.M.(Finance). The file was sent to Public (Economic and Statistics) for stating whether any orders have been passed by H.M. (Finance) on the report and if so to let this department know the orders passed thereon, public (Economics and Statistics and Finance have stated that they have no information.

For orders whether the case may be circulated to H.M. (Finance)

Give a jist of the recommendations of the Economic Adviser.

Sd/-x x x x x
3.11.1948.

With reference to Assistant Secretary's orders on page 11 above a jist of the Economic Adivsers report at pages 1-23 of (S) is submitted.

The Eccnomic Adviser has stated that the dividends earned by bus operators are on the average about 26.4%. The siz of the concern exciting a dicisive influence upon the rate of dividends..

He has suggested that a general proposition may be lai down that public utility services should not too much hanker after profits, and that the profits of public utility services could be restricted to 6% in thes country.

Taking into consideration the earnings and expenditure of Bus operators, including pay and allowances of drivers etc., the Economic Adviser has come to the following conclusions.

1) that the total expenditure has not disproportionatel risen and it is bound to diminish if Government regulate the supply and sale of spare parts, tyres, tubes etc. andalso arrange to supply adequate rations of petrol for effecting the specified number of trips. But, it is considered that petrol scarcity being a temporary phenomenon it will not materially affect the situation. The profits are fairly big and they are not likely to register a any sudden fall inthe immediate future. The Bus operators, can therefore pay an enhanced taxation, of Motor vehicles in this Province is much higher than that of any other province. notwithstanding the fact that taxation

The Economic Adviser has suggested four possible method of raising a larger revenue through Motor Vehicles Taxation. The methods and the revenue that can be derived from them are given inthe statement below:-

Method.	Description.	Estimated Revenues
I.	Cess of Rs. 1/- per bus per working day.	Rs. 14,17,920
2.	Increase of one pie per mile on routes in the plains and of 3 pies per mile on ghat routes in the passenger fare and absorbing the entire extra proceedins by suitable devices.	Rs. 1,64,50,000.

n.t.o.

Method.	Description.	Estimated Revenue
3.	A surcharge of 2 annas per rupee of passenger fare paid - collection effected by affixing stamps as in entertainments tax.	Rs. 82,00,000
4.	50% enhancement of the existing tax per seat and doubling of licence fees for permits, fitness certificates.	Rs. 36,00,000

The Economic Adviser has stated that it is preferable to adopt the IVth method for the present and to keep the second and thi methods as a reserve for future ~~need~~.

Let B section see. I think one of the above item (item II) has been taken up separately.

Sd/-x x x x x
5.11.48.

Reference: Assistant Secretary's remarks at the botton of page 13 ante.

Submitted. Yes. The proposal to levy a tax of one pie per passenger per mile on bus travel is under consideration separately The remarks of the Central Road Traffic Board have been called for and the Board has also been asked to ~~a~~ suggested ways and means of collecting the money from the bus operators. The Central Board's reply is awaited.

It is further submitted that at the instance of H.M.(Finance the question of enhancing the fee for fitness certificates from Rs. 10/- to Rs. 25/- is also ~~b~~ under consideration separately. (It is ~~nee~~ now seen that ~~h~~ this forms part of item IV on page 13 ante. The Central Road Traffic Board has been asked to state whether the enhancement can be effected. The Board's reply is awaited.

In view of the note of 'B' section above, no further action appears necessary in ~~the~~ case. The papers may lie over till orders are passed on the ~~two~~ two proposals under examination in 'B' section.

In reply from the Central Road Traffic Board for the ~~three~~ two proposals referred to above is ~~still~~ still awaited. This may continue to ~~be~~ ~~ev~~ lie over till orders are passed on the two proposals.

See top file.

Sd/-x x x x x
11.12.

The other suggestions may also be put to the Board for urgent remarks.

Sd/-x x x x x
13.12.

Draft memo submitted is for approval. 'A' above is not ~~necessary~~ necessary now. Await Board's reply.

Sd/-x x x x x
15.12.

The file relates to the proposals of the Economic Adviser in regard to the levy of additional tax on motor vehicles. The various proposals of the Economic Adviser are sumarrised in the notes on pages 12-13 ante. The proposals of the Economic Adviser were examined separately at the instance of H.M.(Finance). Please see paragraph 4 of the office note on pages 4-5 n.f. of the G.O. at and the subsequent notes and orders on pages 6-8 n.f. of that G.O.

The decision taken in respect of the 4 proposals of the Economic Adviser is indicated below:-

Proposals (1) Levy of a cess of Rs. 1/- per bus per working day:-

This was ordered to be deferred .- See para 3 of the O.N. on pages 7-8 n.f. of (B) and the orders thereon.

Proposal (2):- Increase of passenger fare by 1 pie per mile on routes inthe plain etc:-

The proposal was dropped. See the notes and orders on pages 5-6 n.f. of the G.O. at (S).3)

Proposal (3):- Levy of a surcharge on passenger fares.

This was also dropped as the proposal involved special legislation with the prior approval of the Governor-General.

Proposal (4):-50% enhancement of motor vehicles tax and doubling of licence fees for permits and fitness certificates:-

Motor vehicles Tax on certain class of vehicles including busses and lorries has been increased with effect from 1-7-1949. See G.O. 2574, Home, dated 24-6-1949.

The fee for fitness certificates has been raised from Rs. 10/- to Rs. 25/- G.O.No. 847, Home, dated 3-3-1949.

The question of doubling of licence fees for permit is pursued separately in 'R' section along with other proposals of the Central Road Traffic Board for raising the several fees leviable under the Motor Vehicles Act.

It will be seen from the above that no further action is called for in this file. The papers may be recorded in a Ms. G.O. to facilitate future reference.

Sd/-x x x x x x x
26.10.

The papers asked for at X on page 15 ante will be found in the G.O. at (B) (N) below. Attention is invited to India's letter page 44 c.f. and the orders in circulation on page 49 n.f. of that G.O.

Sd/-x-x x x x
28-10.1949.

G.O.Ms.No. 4315 D/ 28-10-1949.

ABSTRACT:

Motor Vehicles - Taxation -
Report of the Economic Adviser
to the Government - Recorded.

/True Copy/

Office Assistant,
Madras Record Office.

SP/13.11.

29/12/53